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THE
TRAVELLING TAX ABOLITION
COMMITTEE

TO THE
PEOPLE OF THE UNITED KINGDOM.

“Shall I increase the taxes on Railways? I confess *nothing but a hard necessity would induce me to derive revenue from locomotion*. In the present state of this country, when it is a great object to facilitate the transfer of labour, and to enable those to whom labour is capital to bring it to the best market; seeing the immense social advantages which result from the freedom of communication, not perhaps immediately visible, but still not the less real, I should contemplate with great reluctance and regret the necessity of increased taxation upon railways.”—SIR ROBERT PEEL, in *bringing forward his Income Tax Budget, March 11, 1842*.

LONDON:
OFFICE: 31, ESSEX-STREET, STRAND, W.C.
January, 1878.

TRAVELLING TAX ABOLITION COMMITTEE.

CHAIRMAN.

GEORGE JACOB HOLYOAKE, 22, ESSEX-STREET, STRAND.

TREASURER.

DR. WATTS, 23, STRUTT-STREET, MANCHESTER.

SECRETARY.

C. D. COLLET, 31, ESSEX-STREET, STRAND.

THIS Committee was formed on Tuesday, the 30th October, 1877.

The final object of this Committee is the unconditional abolition of the Railway Passenger Duty.

Its immediate object is to obtain in the next Session of Parliament such an enactment as can be enforced, and which will thus put an end to the scandal of a Statute which, as interpreted, is so unjust that the Board of Inland Revenue have too much good sense and right feeling to enforce it.

One element of such an Act of Parliament must necessarily be the grant of the exemption to all single fares not exceeding a penny per mile.

The following is a brief statement of the Case, drawn up so as to form the basis of a Petition to Parliament, in the following

RESOLUTIONS.

- a. THAT the Tax of five per cent. on the Fares of Railway Passengers was originally imposed in 1832, because similar impediments to travelling were imposed in taxes on horses, and on carriages drawn by horse power, with which the Railways unfairly competed.
- b. That all the taxes on horses and carriages having been repealed, except the annual Duty of Two Pounds on each carriage, private or public, and the sum of Two Guineas paid by each public carriage for police inspection, the Railway Passenger Duty is without its original and only justification, being an impediment to travelling, levied only on those public carriers, who make their own roads, while those who wear out the public roads are exempt.

- c. That the Legislature, in 1844, fearing that "the poorer class of travellers" would be seriously inconvenienced by the abolition of stage coaches and by the high prices of railway travelling, enacted that every railway company, under a penalty of 20*l.*, should on each working day send each way one train from one end of the line to the other, which should stop at every intermediate station, and set down and take up passengers at a fare not exceeding a penny per mile, and that such trains, if they complied with certain other conditions, were exempted from Duty on all penny a mile fares. That whenever the Companies arranged that every day there should be a train at a penny per mile from every station to every other station on the line, the Board of Trade certified for exemption many fares at a penny per mile when the train did not stop at every station, thus taking a common sense view of the Statute.
- d. That, since the abolition of the taxes on horses and coaches, the Court of Exchequer, confirmed on appeal by the House of Lords, has decided that under the Cheap Trains Act, 7 and 8 Victoria, cap. 85, no train is entitled to the exemption granted by that Act, on certain fares not exceeding a penny per mile, unless it travel from one end to the other of a trunk, branch, or junction line, and stop at every intermediate station, if required, to take up and set down passengers at a fare not exceeding a penny per mile.
- e. That under this decision a workman's train, travelling on the North Western from Willesden to Euston, would not be entitled to exemption unless the train (not the workmen) came all the way from Carlisle; and that no third-class carriage is entitled to any exemption if it is put to an express train, so that the Companies are punished if they consult the convenience of "the poorer class of travellers."
- f. That the effect of this decision has been to increase the tax from 514,715*l.* in 1873-4 to 736,369*l.* in 1875-6, and that of this increase 200,000*l.* is on penny a mile fares.
- g. That, nevertheless, the rule laid down by the House of Lords is so impracticable that it has been reversed by the Board of Inland Revenue, who adopt different modes of assessing the Duty which agree only in one particular, namely, that they are all outside the Statute.
- h. That 285,109*l.* of the Tax on Horses, was on riding horses, a deficiency which is now nearly made up by what is virtually a new tax on the penny a mile fares of "the poorer class of travellers," no longer protected by the Board of Trade under the Cheap Trains Act.
- i. That on the 7th of March, 1876, on the appointment of a Select Committee of the House of Commons to inquire into the Passenger Duty, an Amendment was made "and further to inquire what additional accommodation "for the public may fairly be demanded from the Railway Companies as "an equivalent for a reduction in the abolition of the Duty," and that this Amendment was rejected by 113 to 41, the Chancellor of the Exchequer voting in the majority.
- k. That, nevertheless, the Chancellor of the Exchequer now objects to repeal or reduce the Passenger Duty because he does not yet see how he can secure to the public the advantage that would ensue.
- l. That this paternal view of the duties of the Chancellor of the Exchequer is equally novel and unsound; the Taxes on Glass, Bricks, Soap, Paper, &c., having been repealed with the best effects without any attempt to regulate by law the relations between the Producers and Consumers.

THE
TRAVELLING TAX ABOLITION COMMITTEE

TO THE
PEOPLE OF THE UNITED KINGDOM.

ABOUT two hundred years ago a system of taxation was introduced into this country which made it penal for unauthorised persons to exercise their talent and their industry in certain specified trades either for their own profit or for the benefit of the community. Those who *were* authorised, though not regarded as criminals, were yet subject to heavy fines, a small sum being charged for a "License" to exercise one of the proscribed trades, and a further penalty being exacted according to the quantity of the article manufactured or imported. To make glass, or paper, or bricks, or soap without first informing the Government and paying these penalties, was a crime severely punished, nor was it a smaller offence irregularly to import grain for the making of bread needed to feed the hungry, or to make that bread more palatable by importing butter unless it was first spoiled according to law by mixing it with tar. Amongst the public conveniences repressed in this manner was every method of travelling except on foot. Vans which did not travel faster than three miles an hour were, indeed, exempted from Mileage Duty, but the vans themselves were taxed and so were the horses that drew them. Of late years this sort of legislation has gone out of fashion. All the taxes on travelling by the aid of animal power have been abolished, except an annual duty of two guineas on every carriage, private or public, used otherwise than in trade, and a further sum of two pounds on every cab and omnibus to pay for Police Inspection. Any individual or any company of individuals that has money enough to horse an omnibus may wear out the public roads with it untaxed. One class alone of public carriers is still forbidden to share in this liberty. If a Company is formed to give to the public all the latest improvements in travelling, if it makes use of steam power, and, in consequence, has to make and repair its own road, it must begin by entering into an account with the Government and must pay a tax of 5 per cent. on its gross passenger receipts. Attempts have been made by the Railway Companies to get rid of this anomaly, but hitherto without success. The Travelling Tax Abolition Committee has

been formed in the belief that a body representing the *public* interest may be more successful in obtaining the removal of a tax which, though it does lessen the profits of railway shareholders, is none the less detrimental to the travelling public. The Railway Passenger Duty is accompanied by injustice so palpable that the Solicitor of Inland Revenue has himself come to the rescue by granting some indulgence in the rules for its assessment. For this indulgence the Board of Inland Revenue deserves credit rather than blame. The Legislature continues a tax which becomes every day more oppressive and the Executive prolongs its existence by thus lightening the burden. It was in this spirit that the Board prolonged the existence of the Newspaper Stamp by exempting a number of newspapers from the tax, and made the Paper Duty more endurable by irregularly exempting felt, scaleboard, button-board, and also millboard when saturated with oil. When Mr. Milner-Gibson led a crusade against the Taxes on Knowledge, the shafts supplied by these indulgences vouchsafed from Somerset House were the most potent in his quiver. No Milner-Gibson has yet appeared in the House of Commons to lead a crusade against the Passenger Duty. Unfortunately that gentleman is not now in Parliament, but the similarity between the two cases is so striking that we hope the advantages to be derived from his mode of warfare will no longer be overlooked.

In 1829 the Taxes on Travelling amounted to a million and a half, as follows :—

	£
Hackney Carriages and Stage Coach Mileage Duty .	449,398
Horses and Post-Horses	650,460
Duty (in addition to Mileage Duty) on Carriages (public and private)	374,688
	<hr/>
	£1,474,546

The Railway Passenger Duty was first imposed in 1832. Lord Althorp's sole reason for imposing it was that he had no alternative unless he repealed the taxes on Coaches. Mr. Hume urged him to repeal them. Lord Althorp "concurred with the hon. Member for Middlesex in thinking that the country would gain by taking off the tax on Coaches instead of levying a tax on railways, but at the same time the tax on Coaches brought a considerable revenue."*

In 1842 Sir Robert Peel fixed the Railway Passenger Duty at 5 per cent. on the gross Passenger Receipts. But he continued the tax with reluctance. He said :

"Shall I increase the taxes on Railways? I confess *nothing but a hard necessity would induce me to derive revenue from locomotion*. In the present state of this country, when it is a great object to facilitate the transfer of labour, and to enable those to whom labour is capital to bring it to the best market; seeing the immense social advantages which result from the freedom of communication, not perhaps immediately visible, but still not the less real, I should contemplate with great reluctance and regret the necessity of increased taxation upon railways."—*Hansard*, March 11, 1842.

In 1843 the Railway Passenger Duty had scarcely sufficed to keep the revenue derived from locomotion up to the standard of 1829, and, the mileage duty on Coaches having been reduced by Sir Robert Peel, the total fell considerably below what it had been in 1836. In 1843 the taxes on locomotion were :—

* *Hansard*, August, 1832.

	£
Hackney Coaches and Stage Carriage Mileage Duty	303,467
Horses and Post-Horses	543,131
Duty (in addition to Mileage Duty) on Carriages (public and private)	429,053
Railway Passenger Duty	149,370

Total £1,425,021

In 1873 the taxes on Hackney Coaches, Stage Coaches and Post-Horses having been abolished, the taxes on locomotion stood as follows:—

	£
Horses	453,873
Carriages (public and private)	526,994
Railway Passenger Duty	507,079

Total £1,487,946

On the 1st of July, 1874, the Tax on Horses ceased, and in the year ending 31st of March, 1876, the total of the taxes on locomotion was:—

	£
Carriages (public and private)	551,256
Railway Passenger Duty	736,369

Total £1,287,625

The Carriage Duty is levied annually once for all; it does not depend upon the frequency or the mode in which the carriages are used, and though it is a tax on the proprietors, it does not impede locomotion.

Thus, while every other sort of locomotion is set free, the tax is continued solely on those carriers who, in addition to providing carriages and steam power, are compelled to make and repair their own roads, instead of being allowed to wear out those which are supplied at the public expense.

In defence of the Passenger Duty it is alleged that Railways are a monopoly, and that for this monopoly a price ought to be paid to the public revenue. A monopoly is an exclusive right to sell. A railway company has not always a monopoly even of the use of its own line. It has indeed the power of compelling landowners to sell their land. But for this privilege the Railways do pay by submitting to restrictions imposed on no other public carriers. Their maximum fares are established by law, and they are compelled to conform to arbitrary regulations respecting the running of their trains.

If the allegation that Railways are a profitable monopoly had been conscientiously entertained, it might be expected that means would have been taken to assess its value, and to tax the Railways accordingly. There would be no difficulty in assessing the value of the monopoly if it were really profitable. The way would be to estimate what is the ordinary average profit of capital, and then to deal with the excess. This is what the Legislature has, in respect to some public companies, actually done. It limits the profits of Gas Companies to 10 per cent., and, with regard to Railways, it has enacted that when twenty years shall have elapsed from the passing of any Railway Act, and the average profit for the last three years shall have equalled or exceeded 10 per cent. on the paid up capital, the Treasury may revise the tolls on condition of guaranteeing the continuance of the 10 per cent. But in the year 1874, out of 609,895,931*l.* invested in the railways of the United Kingdom, only three railways en-

joyed a dividend exceeding 10 per cent. on paid up capital, namely, Lancaster and Carlisle, Maryport and Carlisle, and Taff Vale :—

	£.
The total paid up capital of these three railways was	4,970,246
The total dividend on this capital was	518,962
Ten per cent. on this capital would be	497,024
The surplus or monopoly dividend of the railways of the United Kingdom, the three previously named being the only ones yielding any surplus, is, therefore, only	21,938
But the Passenger Duty in 1874 was	514,715
And in 1876 it was	736,369

The word "Monopoly" is used, therefore, as a term of abuse, no argument being founded on it. Were it otherwise, the Duty would be levied on the dividend instead of on the gross Passenger Receipts. In the year 1874 the percentage on the net revenue of the different railways which they paid in Passenger Duty varied as follows :—

	£	s.	d.		£	s.	d.
Metropolitan	4	6	5	Caledonian	1	9	10
Great Eastern	3	5	0	Midland	1	7	7
Great Western	2	14	5	Manchester, Sheffield, and			
Great Northern	2	8	10	Lincolnshire	1	3	10
North Western	2	6	10	North Eastern	1	2	7
Lancashire and Yorkshire	1	15	0				

In the same year, 1874, there were in England and Wales 51 working railways, in which the ordinary paid up shares amounted to 33½ millions of capital, upon which no dividend was paid. A ten per cent. dividend, which they are allowed to receive if they can earn it, would have amounted to 3,350,000*l.* These same railways paid 71,568*l.* in Passenger Duty and 93,073*l.* in local rates. This makes a total of 164,641*l.*, or nearly a shilling in the pound on the 3,350,000*l.* dividend of 10 per cent., to which they are allowed to aspire, but of which they have not yet received one farthing. Where is their monopoly? Had the shareholders invested in Consols the 33,500,000*l.* which they invested in railways, they would have received a dividend of 1,005,000*l.*, out of which they would have paid an Income Tax of 12,562*l.* Such are the penalties still provided by law for those who exert themselves to increase that freedom of communication which a Prime Minister of England thirty years ago declared, uncontradicted, to be productive of immense social advantages.

So far from being in love with the work they had to do, were the two Ministers who introduced and settled the Railway Passenger Duty, that Lord Althorp refrained from imposing any tax on steam power employed on ordinary roads, and Sir Robert Peel constituted the tax into one on luxurious travelling, by passing the Cheap Trains Act (7 and 8 Victoria, cap. 85) which granted an exemption to all fares not exceeding a penny per mile if the trains complied with certain other conditions. The principal of these conditions was that the exempted train should go from one end of the line to the other, and should stop at every intermediate station to set down and take up passengers at a fare not exceeding a penny per mile. The railways were compelled, under a fine of 20*l.* a day, to run one of these trains every day each way. The Companies multiplied the number of these cheap trains, and as the railways increased in length and it became inconvenient that any one train should go the whole length and stop at every

station, the Board of Trade, while requiring that there should be every day a penny a mile communication from every station to every other station, certified for exemption many trains which neither went the whole length of the line nor stopped at every intermediate station.

The Board of Inland Revenue disapproved of this indulgence, and, at last, was permitted by the Treasury to bring the matter before the Court of Exchequer.* On the 6th of July, 1874, in the case of the North-London Railway, this Court decided that the following obligations could not be dispensed with by the Board of Trade.

1. That every train for which exemption was demanded must travel from one end to the other of a trunk, branch, or junction line.

2. That such train must, if required, stop at every intermediate station to take up and set down passengers at a fare not exceeding a penny per mile.

Five days before this decision was given, the Horse Duty, the last tax on the rivals of the railways, was abolished. In 1870, 285,109*l.* was paid in duty on Riding Horses. In the year ending the 31st of March, 1874, the Railway Passenger Duty amounted to 514,715*l.*, in 1876 it had risen to 736,369*l.* This increase in the tax on penny-a-mile travellers must have been very convenient in recouping the sum formerly paid on Riding Horses. But the abolition of a tax on a luxury and the substitution of one on the "poorer class of travellers," who are no longer protected under the Cheap Trains Act, was a change of policy which ought not to have been accomplished without consulting the House of Commons.

On the 22nd of February, 1876, the decision of the Court of Exchequer was confirmed on appeal, by the House of Lords.

On the 7th of March following, Mr. Serjeant Spiinks moved a Resolution in the House of Commons for the Repeal of the Passenger Duty. Mr. Rodwell moved as an Amendment that a Select Committee be appointed. This Amendment was accepted by the Chancellor of the Exchequer and was carried by 137 against 23.

The Committee, in their Report, recommended that the Duty should be repealed so soon as the state of the Revenue would permit. Meantime they advised:—

1. That the exemption be granted on all fares not exceeding a penny per mile. to r .
2. That the exemption should apply etern, weekly, and season tickets.
3. That in Urban and Suburban districts all fares not exceeding ninepence, and all return fares based on this sum be exempted.

On the 17th of April, 1877, Mr. Knatchbull-Hugessen, in a speech which exhausted the subject, moved:—

"That pending the question of the abolition of the Railway Passenger Duty, as recommended by the Select Committee of 1876, the other recommendations of this Committee should receive the early consideration of the Government."

To this Earl Percy moved as an Amendment:

"To leave out the words 'pending the question of,' and to insert 'although the House does not advocate.'"

The Chancellor of the Exchequer complimented Mr. Knatchbull-Hugessen on the great ability with which he had discussed the subject,

* The complaint of the Board of Inland Revenue against the indulgence granted by the Board of Trade is of very long standing, and appears in the first Report of the Commissioners of Inland Revenue, published in 1857.

he had no doubt that advantage would result therefrom, and hoped that he would be contented with the Debate, and would not press his Motion to a division. Mr. Knatchbull-Hugessen did content himself with the Debate, he did not press his Motion to a division, and not another word was said in the House about the Passenger Duty during the remainder of the Session.

So far we have dealt only with the injustice of this tax, but this is far from being all that has to be considered. We have shown that the increase of the tax on penny-a-mile fares exceeds 200,000*l*. The increase on the total Duty is 43 per cent., this having been (in the year ending 31st of December, 1873) 506,453*l*. and in 1876, 728,216*l*. while the increase in the receipts from passengers was not quite 10 per cent., having risen from 19,885,434*l*. in 1873 to 21,825,945*l*. in 1876. The increased stringency of the law acts, however, very differently on different railways. On the twenty-two principal railways of Great Britain, that is to say, those which alone in 1876 received so much as 100,000*l*. in passenger fares, the effect of the alteration varied from an increase of 78 per cent. to a diminution of 22 per cent. The Table in the next page shows the receipts on account of passengers, and the sums paid in duty by each of these twenty-two railways.

These twenty-two railways pay the whole of the Duty except 21,660*l*., so that the other sixty might be totally exempted without serious loss. What is the cause of the discrepancy in the results of the alteration does not appear from the return. But the evidence before the Committee throws some light on the matter. Mr. Melville, the Solicitor of Inland Revenue, after having obtained the decision that every train, in order to obtain the exemption, must go from one end to the other of a trunk, branch, or junction line, and stop at every intermediate station to take up and set down passengers at a fare not exceeding a penny per mile, has himself reversed the very decree that he obtained. The injustice to which he had committed himself was so great that he has not hesitated to set himself up as a Court of Appeal superior to the House of Lords. He has invented a system of Centres called the Sectional System. He described his proceedings to the Committee by saying that, as there were twenty trains which went from Euston to Watford every day and no farther, he had constituted Watford a terminus (or centre), and had exempted all cheap trains from Euston to Watford if they stopped at every intermediate station. On some railways every station which is the terminus of a branch or junction line is considered as a terminus on the main line, and is called a Centre. The exemption is then given on the fares for those parts of the train journey where, between two Centres, it stops at every intermediate station to take up and set down passengers at a penny a mile. But there are other railways in which, if any portion of a long journey is contrary to rule, no exemption is given even to the parts which are in order. The old inequality in the percentage of the tax is therefore now much increased. We are happy to see that the North London, whose Duty was increased from 6335*l*. in 1873 to 10,375*l*. in 1875, fell in 1876 to 6988*l*. This shows that the Board of Inland Revenue is not guilty of malice towards the Company which resisted it at law. We understand that one of the very trains that were refused exemption by the Court of Exchequer (the workmen's train from Dalston to Broad-street), is now allowed that privilege.

We are far from blaming the Board of Inland Revenue for their indulgences, irregular as they are. But the same cannot be said of the Treasury. The existing restrictions on the exemptions are by no means in

RECEIPTS FROM PASSENGER FARES AND PAYMENTS OF PASSENGER DUTY OF ALL RAILWAYS IN GREAT BRITAIN RECEIVING
£100,000 PER ANNUM FROM PASSENGERS.

	1873.		1874.		1875.		1876.		Percentage.			Dividend in Ordinary Shares, 1876.
	Passenger Receipts.	Passenger Duty.	Passenger Receipts.	Passenger Duty.	Passenger Receipts.	Passenger Duty.	Passenger Receipts.	Passenger Duty.	1873.	1875.	1876.	
London and North-Western	3,064,753	76,521	3,143,609	94,904	3,158,630	143,849	3,168,358	140,757	2½	4½	4½	6½
Great Western	2,069,198	52,145	2,155,869	71,460	2,206,815	91,965	2,741,904	111,467	2½	4½	4½	4
Cheshire Lines Committee	45,671	662	73,412	1,774	103,743	3,140	123,100	3,542	1½	3	2½	Not recorded
Midland	1,430,512	26,567	1,530,965	35,285	1,567,083	39,933	1,710,644	44,113	1½	2½	2½	5½
Lancashire and Yorkshire	1,127,289	20,620	1,138,245	27,073	1,308,810	57,797	1,303,939	37,528	1½	2½	2½	5½
London, Chatham, and Dover	562,708	15,270	605,419	18,777	631,349	26,994	645,124	22,901	2½	4½	3½	Nil
Great North of Scotland	103,801	2,496	109,877	3,532	117,422	4,252	121,071	4,455	2½	3½	3½	2½
North-Eastern	1,400,189	24,699	1,537,236	32,707	1,567,261	37,710	1,527,897	38,247	1½	2½	2½	7½
Highland	123,714	3,762	140,362	4,106	149,746	5,395	154,136	5,540	3½	3½	3½	5
North Staffordshire	135,836	1,997	146,731	2,109	154,192	4,190	155,089	3,349	1½	2½	2½	1½
Great Eastern	1,071,349	32,878	1,141,132	36,969	1,174,690	43,367	1,203,162	44,941	3	3½	3½	½
Great Northern	1,010,740	25,082	1,049,076	31,238	1,089,802	36,901	1,089,223	34,251	2½	3½	3½	5 to 6
London, Brighton, and South Coast	1,090,929	33,905	1,149,663	36,077	1,201,944	46,888	1,203,482	42,622	3½	3½	3½	4 to 6
Caledonian	750,056	14,849	771,029	17,367	806,529	20,043	810,584	19,420	1½	2½	2½	Nil to 6½
Glasgow and South-Western... ..	280,502	5,399	284,538	6,291	286,331	6,502	299,458	7,624	1½	2½	2½	4½
North British	688,839	17,248	710,834	19,319	742,944	20,675	766,422	21,239	2½	2½	2½	½ to 3½
North London	236,209	6,335	233,582	8,753	243,412	10,375	252,698	6,988	2½	4½	2½	6½
Metropolitan	428,485	11,442	432,629	11,990	465,792	12,435	493,582	12,666	2½	2½	2½	4½
London and South-Western	1,233,636	37,594	1,304,163	39,551	1,360,895	45,081	1,399,057	44,655	3½	3½	3½	5½
South-Eastern	1,163,237	46,940	1,213,768	45,639	1,252,843	48,565	1,233,696	45,801	4½	3½	3½	5 to 6
Manchester, Sheffield, and Lincolnshire	350,765	7,573	367,749	9,115	369,953	6,236	371,917	6,520	2½	1½	1½	2½ to 4½
Metropolitan District	206,087	7,567	223,413	7,662	260,353	12,554	275,512	7,921	3½	4½	2½	Nil
Total of the above	18,574,505	471,351	19,462,801	561,698	20,220,539	704,647	21,080,055	706,556	2½	3½	3½	1875
Total for Great Britain... ..	19,885,434	506,453	20,805,735	599,821	21,486,439	747,680	21,825,945	728,216	2½	3½	3½	4.72

the interest of the public. If a third-class carriage is put to an express train it forfeits its exemption. If, in order to hasten the transit, two trains set off at a little distance from each other, each stopping at only half the stations, the exemption is forfeited. If a new station is built where it would be a great convenience that one stoppage should take place morning and evening, the exemption is lost for every train which does not stop there. There is only one way short of repeal to put an end to this scandalous confusion. It is to grant the exemption on all fares not exceeding a penny per mile. It would be but just to include under this head return fares which are under that rate, even when the single fares exceed it, but we are bound to admit that this concession is not necessary to abate the scandal of a rule which sets at naught the interest of the public and which the Board of Inland Revenue is too just and too politic to enforce.

For this scandal we have said that we consider the Treasury responsible. If there were any reason to believe that the House of Commons would oppose its removal we should blame the House of Commons. But nothing is more clear than that the House distinguished last Session between a tax on Railway Shareholders, which many of them did not see to be unjust, and the scandal of a rule which cannot be enforced, and which makes disregard of the public convenience the grounds of exemption from a tax.

Even the minority of the Select Committee, who were in favour of retaining the Duty, so expressed their opinions in the Debate, that we can have no doubt that the House would have acquiesced almost unanimously in a proposal to abolish the Duty on all penny-a-mile fares. The opposition to this, with the exception of one or two Members of no great weight, resides in the Chancellor of the Exchequer. The course which he has adopted requires, therefore, a careful examination.

On the 7th of March, 1876, Mr. Rodwell having moved, and the Chancellor of the Exchequer having accepted the Motion,

"That a Select Committee be appointed to inquire into and report upon the operation of the present Law relative to the Railway Passenger Duty and especially as to its effect upon the working of Cheap Trains."

Mr. Fawcett proposed to add :

"And further to inquire what additional accommodation for the public may fairly be demanded from the Railway Companies as an equivalent for a reduction or the abolition of the Duty."

The Chancellor of the Exchequer opposed this Amendment, and the House, by a majority of 113 to 41, sustained him against Mr. Fawcett.

On the 17th of April, 1877, the Chancellor of the Exchequer said :—

"I confess when that Motion (for a Select Committee) was made, and when on the part of the Government I accepted it, I was in hopes that the inquiry made by the Committee would lead to the production of some scheme for the satisfactory adjustment of the question. But in point of fact, if you take the Report of the Committee, it comes to this, that finding the knot rather difficult to untie, they propose to cut it."—*Hansard*.

The evidence taken by the Committee was certainly full enough to make the case intelligible. The Committee, it seems, have not judged the matter from a Chancellor of the Exchequer's point of view. The opportunity is thus given to the Chancellor himself to untie the knot which he says the Committee have only proposed to cut. Before the decision in the Court of Exchequer, the Duty was only unjust. It is now intolerable. The decision has been set aside with the consent of the Chancellor ; for he says : "I do not like to use the word evading the law, but they were obliged to "apply the law with some latitude, so that the *summum jus* might not "become the *summa injuria*." To untie the knot would be to carry out

the spirit of the Cheap Trains Act, and grant the exemption on all fares not exceeding a penny a mile. According to the Chancellor's own statement, this would cause a loss of 348,000*l.* As 200,000*l.* of this sum is a new tax caused by the decision in the Exchequer, the real loss can only be put down at 148,000*l.*

Having neglected the opportunity offered to him of untying the knot, the Chancellor attacks the proposals of the Committee, and assesses the loss they would occasion as follows :—

	£
Loss on Third-Class Fares	348,000
„ Season and Periodical Tickets	55,000
„ Urban and Suburban Fares	50,000
„ Short Distance Traffic	150,000
	<hr/>
	£603,000

What is meant by the short distance traffic as distinguished from the urban and suburban fares, it would be difficult to say. There is no mention of it in the Committee's recommendations. It appears to be wholly out of place. Supposing these figures to be accurate, they afford some excuse for not accepting all the suggestions of the Committee. There would be only 133,000*l.* left, and it would be better to repeal the tax altogether, but if Sir Stafford Northcote is accurate in saying that the Committee have not untied the knot, he has furnished no sufficient answer to the question, "Why do you not untie it yourself?"

The answer he does give is that the knot will be untied at some future time. He says the question "must be dealt with one way or another before long," and "due consideration will be given to these (the Committee's) recommendations." He will not cut the knot, for he says, "I do not think that the contention put forward by my Right Honourable Friend (Mr. Knatchbull-Hugessen) on behalf of the railway companies for the abandonment of the source of revenue by the State as a gratuitous gift to the railway companies can be acceded to."

How, then, does the Chancellor of the Exchequer propose to untie the knot? He says, "If we were to have legislation for the benefit of the public, which might impose new regulations on the railway companies, that might be a very fair occasion for relieving them of a burden which has been laid upon them."

The tax has been proved to be totally unjust. It ought to be repealed without conditions. Any fresh legislation on the duties of railway companies ought to stand upon its own merits.

The Chancellor sums up, "What Parliament aims at is to make it (the railway system) a regulated monopoly. Let the monopoly be regulated by Acts of Parliament *under some wise system*, and *let care be taken that the public get the benefit which it ought to get.*"

The House would have been glad to accept, at the hands of the Chancellor of the Exchequer, a wise system, but after having had the Report and evidence of the Committee on his table for nine months he was not prepared to propose a wise system of his own, or to accept any suggestion from anybody else.

On the 22nd of February, 1877, the Chancellor of the Exchequer received a Deputation from the Railway Interest, and after hearing what they had to say, he remarked :—

"When I come to consider some of the arguments that have been raised, it seems to

me that they are, to a certain extent, conflicting one with the other. I was a great deal struck with the argument of Dr. Watts, which seemed to me sometimes to be taking one side of the argument and sometimes the other. A question is raised as to the incidence of this tax. Upon whom does it fall? Does it fall upon the railway shareholders or does it fall upon the consumers or travellers? . . . Dr. Watts begged that we would remit or reduce this tax for the sake of those poor persons who have invested their money in railways which do not pay. Well, there may be a good deal to be said for them, but it is quite clear that if this tax is remitted they are the persons who will get the benefit, and not the travelling public."

One of the vices of the tax is the irregularity with which it falls. What we contend is that when the tax is paid by the railway shareholders it is an extra Income Tax levied only on this particular species of property. When it is paid by the Traveller it is an extra Income Tax upon him. In either case it is a robbery. It is only adding insult to injury to say that the Passenger Duty is not an Income Tax, because it is levied without any consideration of the income of those who pay it. What we demand is that whoever is robbed shall be robbed no longer. But besides the tax there is much inconvenience suffered both by the railways and by the travelling public. On the former falls all the expense of keeping the accounts of their liability, and of adjusting their time-tables to the rules for granting exemption; on the latter falls the inconvenience that these rules are those of an obsolete system, no longer adapted to the public convenience.

We have yet to refer to the particular interest in this matter of the labouring classes, but we must here state what is said on this subject by the Chancellor of the Exchequer. On the 22nd of February, 1877, he said:—

"We are most anxious to do anything we can to facilitate locomotion for the poorer classes. The *only difficulty* I see in the matter is that I don't feel at all sure that the step we are asked to take in remitting this Duty will produce the desired effect. I do not feel at all sure that the Railway Companies would not say very naturally, 'We are the parties interested in this matter. We cannot afford to reduce our dividends by putting on trains that do not pay, and, therefore, we must still continue the charges that we now make.' It is not so simple a matter as Mr. Potter and the others seem to think."

The Chancellor of the Exchequer, when asked by Mr. Fawcett to direct the Select Committee to inquire for an equivalent to be obtained from the railways for the reduction or repeal of the Duty, refused, and the House of Commons backed him up in that refusal by a majority of nearly three to one. He said:—

"He had heard the speech of the hon. Member with surprise, but he had heard his Amendment with astonishment. He had declared his object was to restrict the inquiries of the Committee, but his Amendment would greatly enlarge them. If they were to get into the question of what railway companies should give in return for the reduction of the tax, they would be dealing with that which he was anxious the Committee should avoid. He should certainly oppose the Amendment."—*Hansard*, March 7, 1876.

The Chancellor of the Exchequer was anxious that the Committee should not take into consideration the point which he sees is his only difficulty. Now he complains that the Committee have not untied the knot.

When the time comes for profiting by the investigations of the Committee he refuses to give anything without an equivalent, and he asks that the question may not be submitted to the House. We are convinced that if he had said that the necessity he was under "to apply the law with some latitude" was a scandal that must be abated, and that the only way to do this was to grant the exemption to all penny-a-mile fares, the House would have supported him as it did before.

This doctrine, that it is the duty of the Chancellor of the Exchequer to provide that the public shall obtain the advantages of free trade, is a

return to the doctrine of Protection. But it carries that doctrine a great deal further than it ever was carried when the doctrine of Protection was avowed. Duties were imposed to protect particular interests, but when the Duty was repealed, it was always understood that the public could protect itself. When Sir Robert Peel abolished 750 Customs Duties he did not attempt to interfere between the Producer and the Consumer. No attempt of this kind was made when the Duties were taken off Glass, Paper, Bricks, and Stage Coaches, but no one can deny that the public, in all these cases, has reaped great benefit.

The *Builder* of March the 3rd, 1877, reports a lecture in which Professor Barry spoke as follows :

"Progress in brick architecture in modern times was long hindered by an Excise Duty levied on bricks, which practically controlled their manufacture and hindered improvement. The evil of such things lives after them; and though the Duty has been abolished for many years, its depressing influences have remained until very recent times. Now there are evidences of a greater freedom in the use of bricks of various forms and designs."

The Excise has always blighted every trade, art, and profession that it has touched, and the case of the Railway Passenger Duty is no exception to the rule.

We now come to the subject of Working Men's Trains, that is to say, trains for taking men to and from their work at fares which are unremunerative—a service expected only from railway companies. It might be inferred from the remarks of the Chancellor of the Exchequer that the Railway Companies had neither voluntarily nor by compulsion made any provisions of this character. The reverse is the truth. The Railways are compelled to do much and they actually do more. Recent Acts of Parliament compel several Railways to run one morning and one evening train at a penny per passenger each way at hours convenient to the labouring classes. But instead of one train every morning these railways run several, and they allow the workmen to return by any cheap train after a specified hour, which on the Great Northern and Metropolitan is as early as 12 o'clock. It is perfectly certain that these trains are not remunerative. The following is a statement of the principal early trains in the neighbourhood of the metropolis :—

Railway.	Earliest Train Arrives at	Number of Trains.	Hours of Return.	
			Week Days.	Saturdays.
South Eastern	London Bridge ... A.M. 5.37	2	P.M. 4.0	12.30
South Western	Waterloo ... 5.45	3	6.0	1.0
London, Chatham, and Dover ...	Ludgate-hill ... 5.47	3	4.30	12.0
London, Chatham, and, Dover, Metropolitan Extension ...	Ditto ... 4.38	5	4.30	12.0
North-London	Broad-street ... 5.40	5	5.0	1.0
Great Eastern	Liverpool-street ... 5.28	8	4.0	12.0
Great Northern	Moorgate ... 5.30	2	12.0	12.0
Metropolitan	Aldgate ... 6.12	5	12.0	12.0
Ditto	Hammersmith ... 6.30	1	12.0	12.0
Metropolitan District	Mansion House ... 6.55	1	12.0	12.0

The London General Omnibus Company with its 12 per cent. dividend is not expected to begin work at half-past four in the morning and to carry passengers at less than half price. Only railway companies do this, and their reward is an increase of taxation to the amount of 200,000*l.* a year on penny-a-mile fares. The companies do not seek to be relieved from the obligation of running unremunerative trains, they only ask to be relieved from a tax which no other Carriers pay, or at least that it may be immediately reduced to its former rate.

More than is now given is, however, demanded on the part of the workmen. The hours of labour fixed in the Building trades are from 6 A.M. to 5 P.M. The men object to work after 5, as it would upset the present arrangements which were arrived at after a severe and lengthened dispute, and were mutually agreed to between employers and workmen in 1872. Those who reside near their employment are few indeed, and as the trains do not run soon enough, scarcely any can begin work at 6. Therefore a vast number not only lose half an hour's work and half an hour's pay, but are likely to be the first discharged when work is slack. This difficulty would be overcome if the Metropolitan and the District Railways could run trains sufficiently early. These railways suffer under special disadvantages. Being almost entirely underground, the expense of constructing the Metropolitan line has been about a million sterling per mile, which is about twenty-seven times the average cost per mile in the United Kingdom. Their early trains would not only require a great many extra persons to be employed, but more than on the other lines would also interfere with the repair of the permanent way. Their Omnibus Rivals overhead who pay nothing for their road are exempted from taxation. Nevertheless, the Metropolitan and the District Railway Companies, about a year ago, made the following offer to the Trades Council, in the event of the repeal of the Duty:—

"1. That each Company should run at least one train from its terminal station to the Suburbs and *vice versâ*, arriving at 5.45 a.m. at each end in the summer, and at 6.45 in the winter.

"2. That the workmen shall be allowed to return by any ordinary train during the day.

"3. That the following shall be the fares for the double journey: 4 miles, 2d.; 6 miles, 3d.; 10 miles, 4d."

We are authorised to say that in the event of the repeal of the Duty, the two Metropolitan Railway Companies are still willing to make these alterations, and even to allow the Board of Trade to fix the hour for the earliest train.

The terms above quoted were laid by a Deputation from the Trades before the Chancellor of the Exchequer. It appears, therefore, that in giving as a reason for retaining the Passenger Duty, his doubts as to whether the public would reap the "benefit that it ought to get," the Chancellor of the Exchequer set aside not only the teachings of past experience, but the evidence of what the Railway Companies are now doing and are willing to do. He appears to have made up his mind to refuse the demand, and to have used very indifferent arguments to support a foregone conclusion.

We appeal against his decision and against his arguments, to the country and to the House of Commons, and we confidently expect that Parliament will not long permit the tax on travelling to disgrace the Statute Book, and that if it is continued, it will not allow another Session to elapse without regulating it by an enactment which the Board of Inland Revenue may enforce without shame.

Signed by order of the Committee and on their behalf,

GEORGE JACOB HOLYOAKE, *Chairman*.

JOHN WATTS, *Treasurer*.

C. D. COLLET, *Secretary*.

